

FRAUD PREVENTION POLICY OF UTILITY POWERTECH LIMITED

1. BACKGROUND

This policy envisages the company to put in place a mechanism for employees to report to the Management about unethical behavior, actual or suspected fraud or violation of conduct or ethics policy. Further, statutory auditor of the company requires to comment Fraud Prevention Policy of the company in their report.

In the light of the foregoing and keeping in view the approach of UPL following Corporate Governance principles proactively, it is appropriate that a Fraud Prevention Policy is formulated and implemented.

The policy statement is given below for implementation with immediate effect:

2. POLICY OBJECTIVES:

The “Fraud Prevention Policy” has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. The policy will ensure and provide for the following:

- i. To ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs.
- ii. To provide a clear guidance to employees and others dealing with UPL forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
- iii. To conduct investigations into fraudulent activities.
- iv. To provide assurances that any and all suspected fraudulent activity will be fully investigated.

3. SCOPE OF POLICY:

The policy applies to any fraud, or suspected fraud involving employees of UPL (all full time, part time or employees appointed engaged on ad hoc/temporary/contract basis) as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency (ies) doing any type of business with UPL.

4. DEFINITION OF FRAUD:

As per Section 447 of the Companies Act, 2013, “Fraud” in relation to affairs of a company or any body corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss. “Wrongful gain” means the gain by unlawful means of property to which the person gaining is not legally entitled. “Wrongful loss” means the loss by unlawful means of property to which the person losing is legally entitled

5. ACTIONS CONSUTITUTING FRAUD:

While fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitute fraud.

The list given below is only illustrative and not exhaustive:

- i. Forgery of alteration of any document or account belonging to the Company/

- Vendors.
- ii. Forgery or alteration of cheque, bank draft or any other financial instrument etc.
 - iii. Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.
 - iv. Falsifying records such as pay-rolls, removing the documents from files and / or replacing it by a fraudulent note etc.
 - v. Willful suppression of facts/deception in matters of appointment placements, submission of reports, tender committee recommendations etc. as a result of which a wrongful gain (s) is made to one and wrongful loss(s) is caused to the others.
 - vi. Utilizing Company funds for personal purposes.
 - vii. Authorizing or receiving payments for goods not supplied or services not rendered.
 - viii. Destruction, disposition, removal of records or any other assets of the Company with and ulterior motive to manipulate and misrepresent the facts so as to create suspicion/suppression/cheating as a result of which objective assessment/decision would not be arrived at.
 - ix. Any other act that falls under the gamut of fraudulent activity.

6. REPORTING OF FRAUD:

- I. Any employee (full-time, part-time employees appointed engaged on ad hoc/temporary/contract basis), representative of vendors, suppliers, contractors, consultants, service providers or any other agency(ies) doing any type of business with UPL as soon as he / she comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident(s). Such reporting shall be made to the designated Nodal officer(s), nominated in every Site/HO. If, however, there is shortage of time such report should be made to the immediate controlling officer whose duty shall be to ensure that input received is immediately communicated to the Nodal Officer. The reporting of the fraud normally should be in writing. In case the reporter is not willing to furnish a written statement of fraud but is in a position to give sequential and specific transaction of fraud/suspected fraud, then the officer receiving the information/ Nodal Officer should record such details in writing as narrated by the reporter and also maintain the details about the identity of the official/employee/ other person reporting such incident. Reports can be made in confidence and the person to whom the fraud or suspected fraud has been reported must maintain the confidentiality with respect to the reporter and such matter should under no circumstances be discussed with any unauthorized person.
- II. All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officer(s) to be nominated.
- III. After receiving input about any suspected fraud, nodal officer (s) shall ensure that all relevant records documents and other evidence is being immediately taken into custody and being protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.

7. INVESTIGATION PROCEDURE:

- (i) The “Nodal Officer” shall refer the details of the Fraud/Suspected fraud to the Surveillance Department of UPL for further appropriate investigation and needful action.
- (ii) This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the Surveillance Deptt. of their own as part of their day to day functioning.

- (iii) After completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, civil or criminal action or closure of the matter (if it is proved that fraud is not committed etc.) depending upon the outcome of the investigation shall be undertaken under the relevant rules of UPL
- (iv) Surveillance Department shall apprise “Nodal Officer” of the results of the investigation undertaken by them. There shall be constant coordination maintained between the two.
- (v) The Criminal Proceedings may be initiated by Engineer-in-Charge / Resident Manager / UPL’s Authorised Representative, after obtaining approval of Competent Authority to lodge First Information Report (FIR) with the concerned Police Authorities, in case Contractor is found to be involved in fraudulent practices.

8. RESPONSIBILITY FOR FRAUD PREVENTION:

- (i) Every employee (full time, part time, adhoc, temporary, contract), representative of vendors, suppliers, contractors, consultants, service providers or any other agency (ies) doing any type of business with UPL, is expected and shall be responsible to ensure that there is no fraudulent act being committed in their areas of responsibility/control. As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place they should immediately apprise the same to the concerned as per the procedure.
- (ii) All controlling officers shall share the responsibility of prevention and detection of fraud and for implementing the Fraud Prevention Policy of the Company. It is the responsibility of all controlling officers to ensure that there are mechanisms in place within their area of control to:-
 - a. Familiarize each employee with the types of improprieties that might occur in their area.
 - b. Educate employees about fraud prevention and detection.
 - c. Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.
 - d. Promote employee awareness of ethical principles subscribed to by the Company through CDA Rules;
- (iii) Due amendments shall be made in the general conditions of contracts of the organization wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they would adhere to the Fraud Prevention Policy of UPL and not indulge or allow anybody else working in their organization to indulge in fraudulent activities and would immediately apprise the organization of the fraud/suspected fraud as soon as it comes to their notice.

These conditions shall form part of documents both at the time of submission of bid and agreement of execution of contract.

9. ADMINISTRATION AND REVIEW OF THE POLICY:

Chief Executive Officer shall be responsible for the administration, interpretation, application and revision of this policy. The policy will be reviewed and revised as and when needed with the approval of the Board.